

# SPECIAL



BOSTON MUNICIPAL RESEARCH BUREAU  
24 Province Street, Boston, Massachusetts 02108 (617) 227-1900

BOSTON PUBLIC LIBRARY  
GOVERNMENT DOCUMENTS DEPARTMENT  
RECEIVED

MAY 9 1990

# REPORT

MAY 4, 1990

NO. 90-2

## BOSTON'S WORK FORCE DECREASED IN 1989: MORE CUTS TO COME IN 1990

The number of city-funded employees in Boston decreased by 557 or 2.8%, over the last year, from January, 1989 to January, 1990. This reflects the City's tighter fiscal situation primarily due to the reduction of local aid. The Mayor's fiscal 1991 budget indicates that personnel levels will have to be reduced further. The total work force in Boston as of January 1, 1990, consisted of 20,864 employees. Employees funded by city funds totaled 19,273 and the number supported by external funds totaled 1,590. This report will focus on city-funded employee changes.

Overall, during the six years from January, 1984 to January, 1990, the City's work force increased by 662 or 3.6%. Over that time, the City experienced a slight reduction of 30 employees in 1984 followed by increases in 1985, 1986 and 1987 of 76, 577 and 691 employees respectively. In 1988, employee levels decreased by 95 positions. During the six years, expenditures for personal services increased at an average rate of 8.8%. Boston's work force should continue to decrease as city spending responds to a lower revenue growth pattern than experienced over the past four years.

### CHANGES IN 1989

Of the total reduction of 557 employees in 1989, the School and Health & Hospitals Departments accounted for most of this cut by reducing their work forces by 275 and 293 employees respectively. City departments cut their payroll by 110 employees. In contrast, County departments increased their payroll by 121 employees, primarily due to the added staff required for the new jail.

The reductions in employee levels were achieved mainly through attrition and early retirement programs rather than layoffs. In 1989, 115 city and hospital employees took advantage of the City's early retirement program.

In the School Department, 331 employees chose the early retirement or leave incentive options.

The decrease of state aid, the City's second largest revenue source, accounts, in large part, for the reduction of employees in 1989. In the four fiscal years prior to fiscal 1990, Boston relied on annual state aid increases which had been no less than \$23.7 million. Personnel levels would have decreased more in 1989 due to the Governor's local aid cuts in August, however, rather than further reduce its spending, the City was able to offset the cuts by utilizing other available revenues.

### PERSONAL SERVICE COST INCREASES

Personal service expenditures grew by an average rate of 8.8% over the six year period from fiscal 1984 to fiscal 1990 and in dollar terms from \$433.7 million to \$717.5 million. This increase reflects the growth in employee levels, generous collective bargaining agreements and increases in overtime expenditures. Personal service expenditures account for the largest portion of the city budget and have increased as a percent of total spending from 62.3% in fiscal 1981 to 67.5% in fiscal 1990. In fiscal years 1987 through 1989, personal service expenditures increased substantially by 17.2%, 12.9% and 9.7% respectively. A 3.0% increase in the City's total operating budget accounts for personal service expenditures increasing by only 6.1% in fiscal 1990.

#### PERSONNEL SUMMARY, FTE'S

	1/1/84	1/1/89	1/1/90	CHANGE 1/84-1/90	CHANGE 1/89-1/90
CITY FUNDS					
CITY DEPARTMENTS	7,986.0	8,507.8	8,398.2	412.2	(109.6)
HEALTH & HOSPITALS	3,700.0	3,648.7	3,355.7	(344.3)	(293.0)
SUFFOLK COUNTY	613.0	490.5 *	611.0 **	(2.0)	120.5
SUB-TOTAL	12,299.0	12,647.0	12,364.9	65.9	(282.1)
SCHOOL DEPARTMENT	6,312.0	7,183.0	6,908.5	596.5	(274.5)
TOTAL CITY FUNDS	18,611.0	19,830.0	19,273.4	662.4	(556.6)
EXTERNAL FUNDS					
CITY/COUNTY	401.0	527.3	573.3	172.3	46.0
SCHOOLS	1,036.8	1,031.9	1,016.8	(20.0)	(15.1)
TOTAL EXTERNAL FUNDS	1,437.8	1,559.2	1,590.1	152.3	30.9
GRAND TOTAL	20,048.8	21,389.2	20,863.5	814.7	(525.7)

\* In November, 1988, the State assumed responsibility for certain County functions.

\*\* Increase reflects training and phasing in of employees to staff the new jail.

**PERSONAL SERVICE EXPENDITURES**  
**FIGURES IN 000'S**

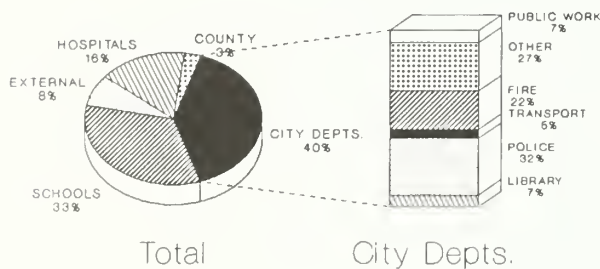
	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89	BUDGET FY90
CITY	\$145,525	\$166,584	\$192,173	\$187,671	\$193,503	\$226,418	\$260,276	\$283,845	\$302,085
HOSPITALS	59,682	69,253	69,323	70,302	75,812	84,123	96,341	110,351	116,412
SCHOOL	133,309	153,660	159,699	179,838	183,276	219,548	242,123	266,288	279,888
COUNTY	8,882	11,039	12,541	13,088	13,566	16,121	17,721	15,612	19,123
TOTAL	\$347,397	\$400,537	\$433,736	\$450,899	\$466,157	\$546,210	\$616,460	\$676,097	\$717,509
AS % OF TOTAL	59.6%	61.9%	62.4%	63.2%	61.6%	63.7%	65.3%	65.6%	67.5%
CHANGE OVER PRIOR YEAR	-12.8%	15.3%	8.3%	4.0%	3.4%	17.2%	12.9%	9.7%	6.1%

## CITY DEPARTMENTS

City departments decreased their employee levels by 110 from January, 1989 to January, 1990. Departments experiencing the largest reductions were Library (-34), Public Works (-32), Real Property Buildings (-23) and Assessing (-22). Over the six year period, City departments increased their work force by 412. Public safety was a high priority for the Flynn Administration during this time as the Fire, Police and Traffic Departments accounted for employee increases of 93, 259 and 113 respectively. This amounted to over 70% of the total change.

### PERSONNEL DISTRIBUTION

JANUARY 1, 1990



## HEALTH & HOSPITALS

The Department of Health & Hospitals decreased its work force by 293 in 1989, accounting for most of the total city employee reductions during the year. Of this reduction, layoffs accounted for approximately 60 employees. The balance is a result of early retirement, and attrition. Preparing for a new, more efficient Boston City Hospital has also contributed to the downsizing of the Department. Staffing levels at Mattapan and Long Island Hospitals are expected to remain stable. The Health & Hospitals Department cut its city-funded employee levels by 344 during the last six years.

## SCHOOL EMPLOYEES

The School Department's work force decreased by 275 employees in 1989, with regular education teachers

showing the largest cut (-137). Non-academic positions which were reduced include custodians (-48), administrative support staff (-43) and school and district administrators (-40). The School Department increased its city-funded employee levels by 597 during the last six years, over half of which were teachers. Special education employees accounted for 75.2% of the total school increase. Special education teachers increased by 189 and special education aides by 260. The number of regular education teachers, excluding kindergarten, decreased by 141 during this time.

## COUNTY EMPLOYEES

In 1989, the Jail added 101 employees as it began to staff the new Nashua Street facility. Since 1984, Suffolk County personnel increased by only two employees. In 1988, about 170 positions were transferred to the State as it assumed responsibility for the county courthouses.

## CONCLUSION

Large reductions in the City's work force are expected this year as Boston responds to a second year of cuts in state aid and departments are required to absorb collective bargaining increases. Boston's reliance on state aid is shown by looking at fiscal 1989 when this revenue increased by \$23.7 million and represented 35.9% of the City's total operating revenues. Clearly, reductions in this revenue source for two consecutive years will effect spending for personal services which represents 64% of the proposed fiscal 1991 departmental budgets. The negotiation of new contracts with all the major city unions this year will add pressure for additional spending. Such costs in excess of the level planned will have to be absorbed by each department, primarily in their personal services budgets. This account has increased by an average rate of 11.4% in each of the past four years and will need to be reduced to conform to the lower annual revenue growth Boston will experience in the next few years. City officials must limit salary and non-salary benefit cost increases in this round of negotiations and push for productivity gains in the new contracts.